

October 18, 2004

QUOTE OF THE WEEK

*“Democracy, which began by liberating man politically,
has developed a dangerous tendency to enslave him through
the tyranny of majorities and the deadly power of their opinion.”*

-- Ludwig Lewisohn (1883-1955) Source: The Modern Drama, 1915

AROUND THE STATE

Consider the Candidates

Are the qualities we look for in candidates the same qualities we want in a president? It is a question worth revisiting as we close in on this election and try to put the recent presidential candidate debates in perspective. Jim Jordan, Sen. Kerry's former chief of staff, said, "A debate is not a presidency, but it's the closest metaphor we have." Mr. Jordan is wrong. The stage-managed debates are as far from the president's real job as you can get. In a debate or town hall or candidate forum, whatever you call them, the candidate responds off the cuff to sterile questions screened and orchestrated by the media. The rules of these recent debates forbade the candidates from having notes or any other reference material with them. Do we really want to elect a president based on who is the better extemporaneous speaker? No, we should elect a president who can make good decisions in the context of a real-life presidency. In that context, presidents receive advice, input, and facts from advisors, legislators and the public. They toss around ideas and get feedback and then adapt. That reality is more closely resembled by the Iowa Caucuses and the New Hampshire primary than by the stilted debates. In those states, the candidates have to reach out to people, inspire them and speak to them, whether in livingrooms or large convention halls. Debates should be viewed in the same way you look at those Hollywood gossip shows rather than elevated to serious public discourse that demonstrates one's fitness to carry out the duties of the highest office in the land.

What Are We Keeping?

Over the last several weeks we have been reviewing the list of 117 boards and commissions that the California Performance Review recommended be eliminated. More than 200 other entities were not recommended for elimination, though some are part of the Governor's restructuring plan. If you think any of these should be added to the

elimination list, let me know. Today I am providing you the list of those entities that are not affected at all by CPR:

The Agricultural Fair Boards (counties and districts); Attorney Diversion Program; Bureau of State Audits; Curriculum Development and Supplemental Materials Commission; Board of Education; Department of Education; Board of Equalization; Exposition and State Fair Board of Directors; Department of Food and Agriculture (except the Division of Weights and Measures); Law Revision Commission; Military Department; Office of State Public Defender; Race Track Leasing Commission; San Francisco Bay Area Water Transit Authority; Commission on Teacher Credentialing (except for authority over staff); and the Tourism Marketing Commission.

ISSUE FOCUS

East of Capitalism

Writing in the Investment U e-newsletter last week, Alexander Green reviewed the story of Hernando De Soto, author of *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. De Soto writes: "Imagine a country where nobody can identify who owns what, addresses cannot be easily verified, people cannot be made to pay their debts, resources cannot conveniently be turned into money, ownership cannot be divided into shares, descriptions of assets are not standardized and cannot be easily compared, and the rules that govern property vary from neighborhood to neighborhood and even street to street." De Soto is an economist who tried to open a small garment shop on the outskirts of Lima, Peru. It took his team of workers six hours a day to comply with the government's requirements, and they were able to register their perfectly legal business 289 days later and cost \$1,251, or as Green says, "a full 31 times the monthly minimum wage." De Soto says that to obtain permission to build a house on state-owned land took six years and 11 months, required 207 administrative steps in 52 government offices. Gaining legal title of the land itself took 728 steps.

Green notes that when the U.S. was a developing nation, we had the same problems. Noting that in the 1800s three men might have argued about owning the same piece of land: "The same acre might have belonged to one man who had received it as a land grant from the British Crown, to another who claimed to have bought it from an Indian tribe, and to a third who had accepted it in place of salary from a state legislature. By necessity, ownership rights evolved into an orderly and coherent legal system. And the same thing is happening in the world's emerging markets right now."

We complain loudly in California and the U.S. about our government's red tape and we work to reduce it, but we still have it better off than anywhere else in the world. But that did not come about immediately or painlessly, and the fight continues today. It took time and commitment to the principles of liberty, something we must help developing and former communist countries with at this time of great opportunity.

*****Citizenship Test 16*****

Today's installment of the citizenship test asks people to reach back into history and understand that there is significance in our Civil War history.

66. Who signs bills into law?

67. What is the highest court of the United States?

68. Who was the President during the Civil War?

69. What did the Emancipation Proclamation do?

BOE AND LEGISLATIVE DATES

October 19, 2004 --- Last day to register to vote in November's General Election.

October 27, 2004 --- Last day to request an absentee ballot.

November 2, 2004 --- General Election.

November 11, 2004 --- Veterans Day.

NOTABLE DATES/ HISTORY

October 18, 1648 -- First U.S. labor organization, Boston Shoemakers, formed.

October 18, 1867 --- U.S. took formal possession of Alaska from Russia for \$7.2 million.

October 19, 1765 --- The Stamp Act Congress met in New York and wrote the declaration of rights and liberties.

October 19, 1968 --- The Golden Gate Bridge charged tolls only for southbound cars.

October 20, 1803 --- U.S. Senate ratified the Louisiana Purchase.

October 21, 1797 --- U.S. Navy frigate Constitution, a.k.a. Old Ironsides, was launched in Boston.

October 21, 1991 --- 24 people died in a fire in Oakland, California.

October 22, 1981 --- President Reagan decertified the Professional Air Traffic Controllers Organization.

October 23, 1973 --- President Nixon agreed to turn over White House tape recordings to Judge Sirica.

October 24, 1980 --- The Polish government legalized the independent labor union Solidarity.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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